

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-58171; File No. SR-CBOE-2008-31)

July 16, 2008

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Order Approving Proposed Rule Change to List and Trade CBOE S&P 500 Three-Month Realized Variance Options and CBOE S&P 500 Three-Month Realized Volatility Options

On May 23, 2008, the Chicago Board Options Exchange, Incorporated (“Exchange” or “CBOE”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to list and trade CBOE S&P 500 three-month realized variance options and CBOE S&P 500 three-month realized volatility options. The proposed rule change was published for comment in the Federal Register on June 11, 2008.<sup>3</sup> The Commission received no comment letters on the proposed rule change. This order approves the proposed rule change.

I. Description of the Proposed Rule Change

The proposed rule change will permit the Exchange to list and trade cash-settled options having European-style exercise on two statistical measurements of market variability: realized variance and realized volatility of the S&P 500 Index. These statistical measurements are attributes of and based on a broad-based security index (i.e., S&P 500 Index). Three-month realized variance is a measure of the historical variability of the S&P 500 Index, based on actual prices that have been reported, or "realized," historically

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Securities Exchange Act Release No. 57913 (June 3, 2008), 73 FR 33128 (June 11, 2008).

























